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GENERAL

1. Chinese seek loan through "Regional Economy Plan" -- US Embassy Nanking reports that China's plan for an "East Asian Regional Economy" was the subject of a recent memorandum from T.V. Soong to General Marshall but that statements to the Embassy by Wong Wen-hao, Vice President of the Executive Yuan. indicate that this Soong memorandum was a mere trial balloon. The Embassy regards the plan as "primarily a disingenuous attempt to circumvent current impediments in the way of a \$500,000,000 Exim Bank loan."

EUROPE

- 2. NORWAY: USSR presses for Svalbard discussions -- Foreign Minister Lange has informed US Charge Huston that the USSR is pressing Norway for early negotiations on the joint defense of Spitzbergen and Bear Island, but that the necessity for consulting the Norwegian Storting will make it impossible for discussions to begin before the end of January.
- 3. GERMANY: UK fears reparations concessions to USSR--A high British official in Berlin has informed the Acting US Political Adviser of the British fear that, if the Soviets are granted reparations from current production from all Germany in return for economic unification, they will simply "milk the cow that the US and UK are feeding." The British official believes that possible Soviet political concessions would be only temporary and that the USSR will try to maintain "difficult" conditions in the absence of a Communist-controlled German government.
- 4. ITALY: No serious threat from illegal armed groups--US Charge Rome reports his belief, based upon investigation, that although many committees, movements and groups of para-military character have been organized in various parts of Italy, few if any are at present a serious threat to the government. There is also no evidence of cohesion among them.

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